

From: Eric Peterson [mailto:civiclightdesk@gmail.com]
Sent: Tuesday, December 06, 2016 4:19 PM
Subject: Re: Confirmation / SJRMC Public Meeting

Excellent. I will get you a writing addressing the specific concern of the AG's office failing to look at historical consideration of charitable trust proceeds based on accounting issues in a day or two in an attempt to get it on your website (problem I noticed for public is it takes you 4 or 5 days to post public comments on your website - not a comfortable feeling regarding transparency in government when timings of public hearing considered).

I have no problem with the sale of the non-profit to the profit. The problem I have is Ascension's stated use of the resulting "charitable trust" proceeds from the sale. I do not believe the AG's office is aware of the most significant issues regarding the historical gifting considerations and an accounting.

I do understand that you ordered a separate appraisal of the property. Please request that the appraiser also give you an appraisal adjusted for the transfer in from the Sisters to Ascension in 2002. It is very relevant.

From our phone conversation today I understand that the AG's office does not consider anything that occurred in the 2002 transfer from the Sisters of St Joseph to Ascension to be in any way relevant to the "charitable trust" considerations the AG's office is charged with investigating and protecting. The fact that Ascension assumed about \$25 million dollars as payment for St. Joe's real and personal property in 2002 which would have had a likely fair market value of \$80 million at the time (leaving a gift of \$55 million of "charitable trust" funds to Ascension) is not fact situation that applies to the AG's "charitable trust" investigation and recommendation. I do understand the AG's office does not see or recognize this "charitable trust" accounting from 2002 as any reasonable issue for the current sale and use of the "charitable trust" funds that will be obtained and used by Ascension post sale.

Also, Ascension has some very good lawyers who are very bright and knowledgeable of charitable trust doctrines (basically Cy Pres Doctrine) at both the federal and state levels (law). They put in some very clever drafting along with a post sale strategy that puts the AG's office in a very unusual position that will likely allow, based on what you have told me of the AG's thought process on charitable trust accounting, to likely merge the post sale proceeds held in the nonprofit St Joe's corporation with an out of state non profit, thereby taking the post sale charitable trust proceeds out of the legal reach of the Idaho AG in regards to protection of Idaho's public interest in a charitable trust.

You might consider that you are out of your league dealing with Ascensions' lawyers preplanning and their post sale positioning to avoid the AG's reach. The legal magic is all in their distribution provision change they amended into the non-profit corporations restated articles in 2002 and their statement of what happens to the Idaho nonprofit hospital corporation sale proceeds post sale (the corporation stays in existence simply holding the sale proceeds). Again, if you haven't seen these issues you likely need a review by someone who plays in the same league with Ascensions' attorneys. They are very, very good,

I also understand that you have the attached documents in your possession. They are of public record showing that for all of the Sisters national bond debt load of \$1.5 billion dollars, only \$25 million was allocated and paid for St. Joseph's Regional Medical Center. There may be other consideration but that would be stated in the 2002 national property purchase and sale agreement between the Sisters and Ascension which I understand you may have but are not required to disclose publically.

Please post this entire email chain on the public comments section of your website. I will follow up with a clearer factual statement. No legal opinion though as I am not able to do so. That is the AG's job.

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